

## Black Marketing

**The unlawful trafficking in commodities or currency is commonly called black-market activity.** Black-market activities flourish whenever the availability of desirable goods is restricted to a select group or taxed beyond its economic availability to the general public.

Black-marketing thieves under wartime rationing restrictions. Black-marketing also thrives when goods commonly available in developed nations are imported into developing nations on a restricted basis. And the potential for black-market activities exists whenever US forces are located in a host nation. US forces introduce, through supply and PX channels and by host nation allowances of tax exempt mail and baggage, many items that are not available to the host nation populace through commercial markets. Many of these items have potential or actual black-market value.

The impact of black-market activities on a host nation's economy can be devastating. The cost to the US of replacing military supplies and equipment that have been diverted to the black-market is expensive. And when needed supplies and equipment

CONTENTS	
	Page
DETECTING BLACK-MARKET ACTIVITY .....	251
OBTAINING INFORMATION .....	252
LOCATING A SUPPLY SOURCE .....	253
CHECKING SUSPECTS .....	253

are not available to commanders, mission performance can be greatly reduced.

Illegal trafficking of legally purchased PX items or of issued items of supply is a constant problem. This trafficking can be harder to stop than cargo diversions, and legal or authorized access to these items by host country and/or Third Country Nationals (TCN) also makes it difficult to halt black-marketing. Cases involving negotiable dollar instruments on the black-market need special attention, because these instruments can cause a direct dollar loss to the United States.

Black-market activities contribute to the commission of other crimes. Black-marketing can promote fraud, stealing and selling government property, counterfeiting, and forgery and drug offenses. It may also promote the violation of foreign currency exchange laws, import laws, tax laws, and status of forces agreements.

### DETECTING BLACK-MARKET ACTIVITY

Black-market operations may be the result of organized or individual efforts. Often, they are the result of a combination of the two.

One type of black-market organization and operation is the black-market ring. While the type of contacts may change from one ring to another, the basic organization and its operation stay much the same. The leader and the suppliers are the most essential members in a ring. The supplier discovers a source of supply. It may be an Army facility or activity that stores, handles, or uses the item. The supplier gets the item through purchase or theft. The supplier may be a

military or civilian employee at the source of supply. Or the supplier may be an acquaintance of someone who will get the item for him.

After the supplier gets the item, he takes it to the operator of a temporary storage point or uses a transporter to deliver it. The transporter may or may not be a regular member of the ring. The item is then passed, on demand, to the retailer. Sometimes a wholesaler may act for the leader and have a transporter get the item from the storage point and take it to the retailer. Or the retailer may get it direct from the warehouse. The retailer then sells the item to the consumer.

The leader may have any number of suppliers, transporters, warehousemen, wholesalers, and retailers. If he has more than one wholesaler, each will normally handle only one type of item. Most often, the only persons in the ring who have direct contact with or know the leader are the suppliers and the wholesalers.

One way to break a black-market ring is to trace commodities found on the black market. Examining these items may help you find the source of supply. When Army facilities are among the sources of supply, you may check the records of these facilities to see if items are being removed illegally. To do this you will need the help of the commanders of the facilities. Surveillance may be used to detect the supplier or the transporter. If either of them is seen, they may be placed under surveillance to find other members of the ring. You can also check on personnel or activities at the military depot or warehouse to identify ring members or persons being exploited as suppliers.

Transporters may be spotted when items in bulk storage are being removed. You may buy information from transporters. This may be easy if transporters are not members of the ring. The pay for their work may be small.

They may be willing to tell what they know for a small fee or other consideration. Information may also be gained at this point in the ring's operation by planting would-be transporters. Persons like taxi drivers work well as plants in black-market areas. A retailer may approach such a plant for a one-time job. A retailer, wholesaler, or warehouseman maybe found in this manner. Another way of making contacts with retailers is by purchasing items. You may also station personnel in black-marketing locales to watch transactions. When the retailer is spotted, maintaining surveillance may reveal other members of the ring.

Large-scale diversions and inventory shortages are major signs of organized rings of black-marketeers. Good security controls over black-marketable items in supply channels can reduce these. Screening reports of supply shortages or thefts may yield important information. These reports, may be those made to the police, reports of survey, inventory adjustment reports, and the like. Because federal employment requires frequent relocation of personnel, these reports must be screened promptly. Any leads should be checked out as soon as possible. Experience will show which missing supplies are likely to go on the black market.

## OBTAINING INFORMATION

People working at commissaries and post exchanges may detect irregularities on the part of fellow employees. And they may spot the sale of black-marketable items to certain individuals. Merchants often know about commodities that are being procured for the black market. The black market is competition for the merchant's business. Merchants may provide the names of persons who have such competing commodities for sale. Gateguards and taxi drivers are often good sources. Gateguards can be asked about who is taking a lot of controlled items off a compound. They can also identify the items in demand on the local black market. Taxi drivers, by virtue of the nature of their work, often come in contact with many people. They, too, may know what items are in demand. And personnel assigned to a ration

control office can be good sources of information. They will provide information in the line of duty.

Men who have acquired money illegally may keep or patronize prostitutes. These women, by association with such men, may pick up information. If prostitutes can be persuaded to talk, they may give tips on men who have money in excess of normal amounts. Or they may give tips on actual black-marketeers and their operations.

Civil affairs personnel deal with the economy of a host nation area. They may be able to help you trace black-market transactions. For example, if the problem is big enough to affect the country's economy, they may be able to pinpoint where this activity exists. Such pinpointing can help you concentrate your efforts in these areas.

## LOCATING A SUPPLY SOURCE

If you suspect an item on the black market is coming from a certain source, other like items at that source may be marked for future tracing. One of several inks or powders may be used for this. They are invisible unless developed by specific reagents or exposed to infrared or ultraviolet light. With commissary or PX items, you may mark the price on the items in a special ink or like substance.

With petroleum products, an identification reagent added at the POL storage and supply facilities can be used. The reagent can be detected by chemical testing after seizure of suspected petroleum products. This is normally done under the supervision of USACIDC personnel. USACIDC is responsible for local administration and control of operations where the reagent will be added. They also set the type and quantity of fuel to be identified. Normally, the additive is blended in with the POL products as the

storage tanks are being filled. The proper ratios for the blending are discussed in appropriate Army Materiel Command technical bulletins. If done as described, there should be no interference in the operation of a motor. These approved additive reagents can be requested on an as needed basis. One field expedient reagent is 2 2/3 ounces of phenolphthalein in one pint of alcohol added per 1,000 gallons of gasoline. This should be coordinated with POL technical personnel.

If you have reason to believe a certain place has black-market items, you may wish to have it raided. You should consult the SJA to ascertain what authorities have jurisdiction. Civilian police may have to conduct the raid. Jurisdiction for this purpose, and with respect to the apprehension and search of persons found there, is affected by applicable treaties, laws, or other directives.

## CHECKING SUSPECTS

Certain acts or conditions may show black-market involvement. A person may be suspect if he meets certain criteria. He may have more money than would normally be expected for someone of that rank or position. He may spend more money than he legally receives. Perhaps he spends large amounts on his friends. Or he may have committed allied offenses. He may purchase unusually large quantities of items. Or he may purchase items he normally does not use. A light smoker who buys large quantities of cigarettes could be suspect. A male soldier who frequently buys quantities of perfume or lipstick could be suspect. Known narcotic addicts may engage in black-marketing for money to buy drugs. Or they may obtain drugs in exchange for their services. And persons carrying a lot of goods off the compound, especially on a regular basis, may be involved in black-market activities.

If you gain enough information about a suspect to warrant an investigation, then one should be initiated. If you think a suspect has unusual amounts of money, check with the post office and finance office. In response to

an official request, postal officials may provide information on the purchase of money orders. The dollar amount purchased may show that a buyer had more money than he or she might be expected to have. This information may provide grounds for further investigation. From the finance office you may learn of military personnel who have exchanged large amounts of money there. And remember that travel agencies keep records of the trips they arrange for people. Travel records also may help you spot people whose frequency of travel and constancy of destination could make them suspect.

Check on a suspect's associates. They may help you get pertinent information on the suspect. Also, a suspect's associates may disclose other members of the group. Check a suspect's habits and customs to learn about his character. This may give you some idea as to whether he would or would not engage in unlawful activities.

Check a suspect's personnel records for anything of value. Check a suspect's bank account. It may show if he has deposited more money than he is known to have

received legally. For military personnel, this check should include soldier's deposits and other authorized investments. And a check of a suspect's private property may show income exceeding that which he is known to have obtained legally.

Agencies such as the Federal Bureau of Investigation, Immigration and Naturalization Service, and Bureau of Customs may be checked in the investigation of a suspect. Local agencies often keep records that may assist you. These records may show that a suspect had money in excess of what he or

she should have had legally. And civilian police records may provide information leading to a suspect, especially if they are local civilian or if they have been residing in the locale for a while.

If needed, a suspect may be put under surveillance to complete the case. You may also gain new information by letting that person lead you to others engaged in black-marketing. Surveillant may be placed at banks, finance offices, or other places that convert money instruments into dollars to watch persons who make these transactions.

---